

Written Statement of Charles B. Rangel
Ranking Member, Committee on Ways and Means
Hearing of the Select Committee on Homeland Security
Subcommittee on Rules
Wednesday, March 24, 2004

Chairman Diaz-Balart and Ranking Member Slaughter, I appreciate the invitation to present my formal views to Members of the Subcommittee on Rules regarding the Select Committee on Homeland Security ("the Select Committee"). Establishment of the Select Committee for the 108th Congress was necessary to insure effective oversight and coordination in the creation of the Department of Homeland Security (DHS). Without question, the Committee played a valuable role in implementing the Homeland Security Act of 2002, monitoring the activities of the DHS, and providing a meaningful Congressional forum for discussion of our homeland security activities, problems, and concerns.

On the issue that is the subject of this hearing, the future of the Select Committee, I believe that there could be a continued role for the Select Committee to play, particularly with regard to coordinating the oversight and authorization activities of the various House committees that retain primary jurisdiction over elements of the Department of Homeland Security. That said, I do believe that the Committee on Ways and Means continues to have an important role in directly overseeing the customs activities of DHS, and in particular, the Customs and Border Protection (CBP) division. Much of the customs work done at CBP directly relates to revenue measures (e.g., collection of duties and implementation of U.S. trade laws, including laws related to U.S. trade agreements).

My current view is consistent with the position I took during passage of the Homeland Security Act of 2002. There I expressed strong reservations about the movement of the former U.S. Customs Service (USCS), which dealt with the movement of people, goods and cargo across our borders, from the Department of the Treasury to the new Department of Homeland Security.

My reservations stemmed, in large part, from the simple fact that the USCS played a unique role among all of the border agencies. USCS had a two-fold mandate – it was an enforcement agency and a trade facilitation agency. On the enforcement side, USCS policed the borders to prevent the entry of contraband (drugs, hazardous materials, terrorist implements, etc). On the trade facilitation

side, USCS processed imports, collected duties, produced trade statistics, determined classification of products, and monitored and prevented the illegal transshipment of goods.

During the debate over the creation of the Department of Homeland Security, I wanted to make clear, if the USCS were moved from Treasury, that whatever reconstituted agency emerged would not be dominated by a focus on enforcement activities to the detriment of trade facilitation. The compromise eventually adopted in the Committee on Ways and Means, which preserved certain core trade positions from USCS at Treasury, attempted to address part of that concern, albeit imperfectly. I say imperfectly because many elements of the USCS were still moved to DHS, even though they are involved in what I view as essentially trade facilitation activities.

As you know, the Committee on Ways and Means' jurisdiction on trade-related issues includes "customs and customs administration ...procedures which relate to customs operations affecting exports and imports...budget authorizations for the U.S. Customs Service... ." Given the continued trade focus of aspects of the CBP, the Committee on Ways and Means should continue to have primary jurisdiction over the trade facilitation aspects of the agency. Committee on Ways and Means oversight is necessary to ensure that trade facilitation does not become a secondary function of the CBP but rather continues as a tier-one priority along with border security and enforcement, as it was under the former USCS.

The trade-related nature of many of CBP's activities is evident from many of the primary projects CBP is pursuing as part of its core operations.

First, take the Customs-Trade Partnership Against Terrorism (C-TPAT) which is a partnership between the federal government and industry. Under the program, participating companies agree to adopt "best practices" to improve the security of their shipments from the factory floor to the foreign loading docks to the U.S. border points of entry. Those companies meeting security standards are then given a fast lane through border crossings and sea ports.

C-TPAT obviously serves two purposes. First, it helps CBP ensure that incoming cargo to the United States contains legitimate trade and has not been compromised by terrorists or smugglers of contraband. Second, and equally

important, C-TPAT facilitates trade. It allows companies importing goods into the United States to get those goods processed in a timely, efficient manner. In this era of just-in-time delivery, this is crucial to the survival of any company.

Second, take the Automated Commercial Environment (ACE) which is the new trade processing system that will enable CBP to track, control, and process all commercial goods imported into and exported out of the United States. ACE was developed to replace the former USCS's existing, outdated automation system, which could not handle the massive increase in the volume of United States trade. A recent U.S. General Accounting Office study reported that the benefits of ACE include "speeding the flow of legitimate commerce into and out of the United States ... and providing a single interface between the trade community and the federal government for trade data."

Third, consider how the CBP's core mission is described in the President's fiscal year 2005 budget justification materials: "CBP ... implements and enforces the international trade agreements, such as the North American Free Trade Agreement ..., the African Growth and Opportunity Act ..., the Andean Trade Act, and the Caribbean Basin Initiative. In some instances, CBP officials are involved in trade negotiations on trade agreements. Other issues that CBP is involved in are the enforcement of the Trade Act of 1930.... . This can include taking enforcement action for any forced child labor or anti-dumping countervailing violations. Also in support of domestic industry, CBP enforces ... laws pertaining to intellectual property rights CBP administers and enforces any quotas on specific products such as textiles."

Finally, consider that in fiscal year 2003, CBP processed 26.1 million import entries, valued at over \$1.2 trillion, and collected \$24.7 billion in duties and fees.

I understand that CBP has other responsibilities. After all, the agency is not just comprised of the former USCS. It has immigration inspectors from the former Immigration and Naturalization Service, agricultural border inspectors from the Agriculture Department, and the entire Border Patrol. The total number of employees in CBP is 40,000. The Ways and Means Committee, of course, does not have jurisdiction, nor would I argue we should have, over these other elements of CBP. Other standing Committees have the requisite expertise to handle such matters.

As I indicated from the outset, I do believe that the Select Committee could have a role to play in coordinating the activities of the standing committees of jurisdiction and in providing technical support on a bipartisan basis. Further, continued oversight of DHS priorities and decisions will undoubtedly create balanced, “good government” analyses that will benefit all Members of the Congress.

In conclusion, I want to again support the efforts of the Select Committee on Homeland Security. It is only with our commitment and cooperation that, together, we can fight international terrorism and protect our borders at home.